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Governor

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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 22, 2008

Sandy Nell
1478 Winchester Dr
St. George, Utah 84770

Subject: Deficient Notice of Intention to Conduct Small Mining Operations, White Mtn. Mine, S/001/0072, Beaver County, Utah

Dear Mr. Nell:

The Notice of Intent to Conduct Small Mining Operations (NOI), received by the Division May 9, 2008, concerning the proposed Small Mine project is incomplete. The following information is still required:

1. On Page 4, #5, the address for the BLM must be included.
2. On Page 4, #8, the question needs to be answered yes or no.
3. On Page 5, #5, the response "typical strip mine" does not clearly explain what is going to occur, please provide a more detailed explanation.
4. On Page 5, #6, the improved road(s) states that 5 miles of road will be graded. If this road is a two track road and it is being improved to a larger width or graveled, etc. the land managing agency will have to provide permission.
5. On Page 5, # 8, has not been filled out, requesting approval for ____ acres.
6. Page 6, Variance request box needs to be checked yes or no.
7. The map included with your Notice is not clear whether it is a location map or operations map. Your notice must have both maps.
8. The location map needs to show how to drive to your exploration location from named roads in the area, and from a commonly known landmark, such as a town. Please label your location map "White Mine Location Map."
9. The operations map needs to show, at a scale of 1" = 200 feet, the setup of your operation, including dimensions of your mine, and where it sits in relation to existing roads and other disturbance. The map you supplied has a lot of information that does not apply to the site please supply a clean map without information unrelated to the project. This map also needs a scale, north arrow, and label, such as "White Mountain Operations Map."

080001

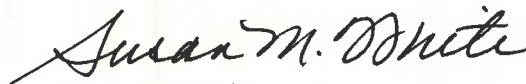


Sandy Nell
Page 2 of 2
S/001/0072
May 22, 2008

Please submit replacement pages for your NOI with the correct information on them. I need a complete, correct document with your signature to ensure that we all agree on what the surety is being held for, and what the reclamation will entail. This way, we can be sure to agree on when you have completed the required reclamation.

In reply, please refer to file number S/001/0072. Thank you for your cooperation.

Sincerely,



Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:tm:pb
Task ID# 2390
cc: Ed_Ginouves@blm.gov ✓
P:\GROUPS\MINERALS\WP\M001-Beaver\S0010072-WhiteMntMine\final\deficiencyltr05282008.doc

Form MRL-900
(Revised March 28, 2007)

This Section for DOGM Use:

Assigned DOGM File No.: S 0010072

DOGM Lead: Tom Munson

Permit Fee \$ 450.00 Ck # 1297

Permit fees for a total of three.

TASK ID# 2390

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291 Fax: (801) 358-3940

NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

"Small Mining Operations" mining operations which have a disturbed area of five or less surface acres at any time.

I. GENERAL INFORMATION (Rule R647-3-104)

1. Name of Mine: Whitemnt. mine
2. Legal name of entity (or individual) for whom the permit is being requested: Sandy Nell
Mailing Address: 1478 Winchester dr
City, State, Zip: St. George Utah 84770
Phone: 435-986-4990 Fax: 435-688-8496
E-mail Address: SandyNell@infowest.com

Type of Business: Corporation () LLC ☒ Sole Proprietorship (dba) ()
Partnership () General _____ or _____ limited
Or:
Individual ()

Entity must be registered (and maintain registration) with the State of Utah, Division of Corporations (DOC) www.commerce.utah.gov.

Are you currently registered to do business in the State of Utah? ☒ Yes ☐ No

Entity # 20-4659730

If no, contact www.commerce.utah.gov to renew or apply.

Local Business License # _____ (if required)
Issued by: County Salt Lake or City _____

RECEIVED

MAY 09 2008

Div. of Oil, Gas & Mining

080001

3. Contact Person(s) SANDY NEIL Title: PRESIDENT
 Name: Same
 Address: 1478 Winchester dr
 City, State, Zip: St George Utah 84770
 Phone: 435-986-9990 Fax: 1-435-688-8496
 Emergency, Weekend, or Holiday Phone: _____
 E-mail Address: _____

Contact person to be notified for: permitting () surety () Notices () (please check all that apply)

Name: Same Title: _____
 Address: _____
 City, State, Zip: _____
 Phone: _____ Fax: _____
 Emergency, Weekend, or Holiday Phone: _____
 E-mail Address: _____

Contact person to be notified for: permitting () surety () Notices () (please check all that apply)

Registered Utah Agent (as identified with the Utah Department of Commerce) (If individual leave blank):

Name: _____
 Address: _____
 City, State, Zip: _____
 Phone: _____ Fax: _____
 E-mail Address: _____

4. If Business is a: Sole Proprietor:

Sole Proprietor: Sandy Neil Title: President
 Name of Owner: Same
 Business Address: 1478 Winchester dr St George UT 84770
 City, State, Zip: St George UT 84770
 Phone: 435-986-9990 Fax: 1-435-688-8496
 E-mail Address: _____

If Business is a Corporation:

Name of Officers: _____ Title: _____
 _____ Title: _____
 _____ Title: _____
 _____ Title: _____

Headquarters Address: _____
 City, State, Zip: _____
 Headquarters Phone: _____ Fax: _____
 E-mail Address: _____

If Business is a Limited Liability Company: Member Managed ☐ Manager Managed ☒

Name of 1st Member/Manager: Sandy Neil Title: President
 Business Address: _____
 City, State, Zip: _____
 Phone: _____ Fax: _____
 E-mail Address: _____

Name of 2nd Member/Manager: _____
 Business Address: _____
 City, State, Zip: _____
 Phone: _____ Fax: _____
 E-mail Address: _____

If Business is a Partnership:

Name of Partner: _____
 Business Address: _____
 City, State, Zip: _____
 Phone: _____ Fax: _____
 E-mail Address: _____

5. Ownership of Land Surface:

Private (Fee) ☐ Public Domain (BLM) ☐ National Forest (USFS) ☐
 State Trust Land/School Sections ☐ State Sovereign Lands ☐

Other (please describe): _____

Name Sandy Nell Address 1428 Winchester St George UT 84777
 Name BLM Address _____
 Name _____ Address _____
 Name _____ Address _____

6. Ownership of Minerals:

Private (Fee) ☐ Public Domain (BLM) ☒ National Forest (USFS) ☐
 State Trust Land/School Sections ☐ State Sovereign Lands ☐
 Other (please describe): _____

Name Sandy Nell Address 1428 Winchester St George UT 84777
 Name _____ Address _____
 Name _____ Address _____
 Name _____ Address _____

BLM Lease or Project File Number(s) and/or USFS assigned Project Number(s): _____

BLM Claim Numbers umc 399824 - 399825

Utah State Lease Number(s): _____

Name of Lessee(s): _____

7. Have the above surface and mineral owners been notified in writing?

Yes _____ No _____

If no, why not? _____

Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration prior to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.

8. Does the Entity have legal right to enter and conduct mining operations on the land covered by this notice? Yes _____ No _____

II. PROJECT LOCATION & MAP (Rule R647-3-105)

1. Project Location (legal description):

County(ies): Beaver

____ 1/4, of ____ 1/4, of SW 1/4: Section: 33 Township: 28S Range: 13W

____ 1/4, of ____ 1/4, of ____ 1/4: Section: ____ Township: ____ Range: ____

____ 1/4, of ____ 1/4, of ____ 1/4: Section: ____ Township: ____ Range: ____

UTM East _____ (if known) UTM North _____ (if known)

Name of Quad Map for Location: WHITE MOUNTAIN

2. Location and Operations maps must be plotted at a scale to accurately identify locational landmarks and operations details. All maps must include a north arrow, a scale, appropriate labels, title box including the mine name, township, range and section.
- Map 1: The general location map must be the scale of a USGS 7.5 minute series map or equivalent (1"=2000') and identify new or existing access roads.
 - Map 2: The operations map (1"=200' or other scale as determined necessary by the Division) must be labeled and identify:
 - The area to be disturbed;
 - The location of any existing or proposed operations including access roads, drill holes, trenches, pits, shafts, cuts, or other planned activities; and
 - Any adjacent previous disturbance for which the operator is not responsible.
 (Contact the Division for a list of consultants and land surveyors for mapping assistance.)
3. The proposed (5 acre or less) disturbed area (including access/haul roads) should be marked ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced (<50 feet) so that the next marker in either direction is clearly visible with the naked eye.

III. OPERATION PLAN (Rule R647-3-106)

1. Type of mining: Surface ☒ Underground ☐
2. Mineral(s) to be mined: Kaolin Clay
3. Amount of material to be extracted, moved or proposed to be moved: 1000 ton test

4. Will any water, liquid chemicals, reagents, or other solutions be used, produced or discharged as part of the mining or milling process?
 Yes ☐ No ☒ If yes, please describe (add extra pages if needed) _____

5. Provide a brief description of the proposed mining operation and onsite processing facilities (add extra pages if necessary). Typical strip mine operation

Trackhoe/Dozer

6. ☐ New Road(s): Length _____ (ft) Width _____ (ft)

7. ☒ Improved Road(s): Provide a description of the improvements that need to be made to existing roads to access the site, including the Length _____ (ft) and Width _____ (ft) of improvements.
graded approx 5 mi

8. Total project surface acreage to be disturbed: _____ (acres) PLEASE SPECIFY EXACT ACREAGE - (this will be used to determine surety bond amount - see #VI).

9. Proposed startup date of project (month, year) June 1 2008

10. Proposed completion date of project, if known (month, year) _____

IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the Permittee / Operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining. Please refer to The Practical Guide to Reclamation in Utah, available at www.ogm.utah.gov.

1. Keep the mining operation in a safe, clean, and environmentally stable condition.
2. Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.
3. Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.
4. Construct berms, fences, or barriers, when needed, above highwalls and excavations.
5. Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.
6. Remove all waste or debris from stream channels.
7. Dispose of any trash, scrap metal, wood, machinery, and buildings.
8. Conduct mining activities so as to minimize erosion and control sediment.
9. Reclaim all roads that are not part of a permanent transportation system.

10. Stockpile topsoil and suitable overburden prior to mining.
11. Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.
12. Properly prepare seedbed to a depth of six inches by pocking, ripping, discing, or harrowing. Leave the surface rough.
13. Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)
14. Plant the seed with a rangeland or farm drill, or broadcast the seed. Fall is the preferred time to seed.

V. VARIANCE REQUEST (Rule R647-3-110)

Any variance request must be approved in writing by the Division

Yes ☐ No ☐

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above (see IV. Operation and Reclamation Practices item # 1-14), should be identified below listing applicable rule number. Give justification for the variance(s) and alternate methods or measure to be utilized. A variance shall be granted if the alternative method or measure proposed will be consistent with the Act.

1st Variance Requested

Item # _____ Applicable Rule # (i.e. R647-3-108.10 (If you did not want trenches & pits reclaimed))

Justification: _____

Alternate methods or measure to be utilized: _____

2nd Variance Requested

Item # _____ Applicable Rule # _____

Justification: _____

Alternate methods or measure to be utilized: _____

3rd Variance Requested

Item # _____ Applicable Rule # _____

Justification: _____

Alternate methods or measure to be utilized: _____

Attach additional page if more variances are requested.

VI. SURETY (Act 40-8-7(1)(c))

A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations.

The Utah Mined Land Reclamation Act (40-8-7 (1)(c) and 40-8-14 provides the authority that all mining operations furnish and maintain reasonable surety to guarantee that the land affected is reclaimed.

The surety amount is based on the nature, extent and duration of operations. *The surety amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions.*

Surety for small mines sites will be escalated three (3) years to the future. Contact the Division for dollar amount required for this project.

I will provide surety in the form of a: Certificate of Deposit, Letter of Credit, Surety Bond, Cash (certified funds), or Division Approved form.

VII. PERMIT FEE [Mined Land Reclamation Act 40-8-7(1)(i)]

The Utah Mined Land Reclamation Act of 1975 [40-8-7(1)(i)] provides the authority for the assessment of permitting fees. Commencing with the 1998 fiscal year (July 1 - June 30), permit fees are assessed to new and existing notices of intention, and annually thereafter, until the project disturbances are successfully reclaimed by the Permittee / Operator and released by the Division.

Small Mine Notices require a \$150.00 fee which must accompany this application or it cannot be processed by the Division.

VIII. SIGNATURE REQUIREMENT

(Please check the box if applicable and place your initials on the line provided)

SKN ☒

I have enclosed the required permit fee.

SKN ☒

I understand that I am not authorized to create any surface disturbance until the surety amount is posted and approved in writing from the Division of Oil, Gas and Mining and any other authorized regulatory agency.

CERTIFICATION

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

- I have read this form and declare the information, statements and/or documentation are true, correct and complete to the best of my knowledge and belief; AND
- I commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.
- This certification must be executed by an executive officer if the applicant is a corporation; by a partner if applicant is a partnership (general or limited); owner if applicant is a sole proprietorship; member or manager if applicant is a limited liability company.

Signature: Sandy Nell

Date: Mar 28-2008

Name (typed or printed): Sandy Nell

Title/Position (if applicable): President / Lone Star Mining

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